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FOOD STAMP PARTICIPATION AND LOCAL SUPPORT

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National Economics Division
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U.S. Department of Agriculture
Washington, D.C. 20250

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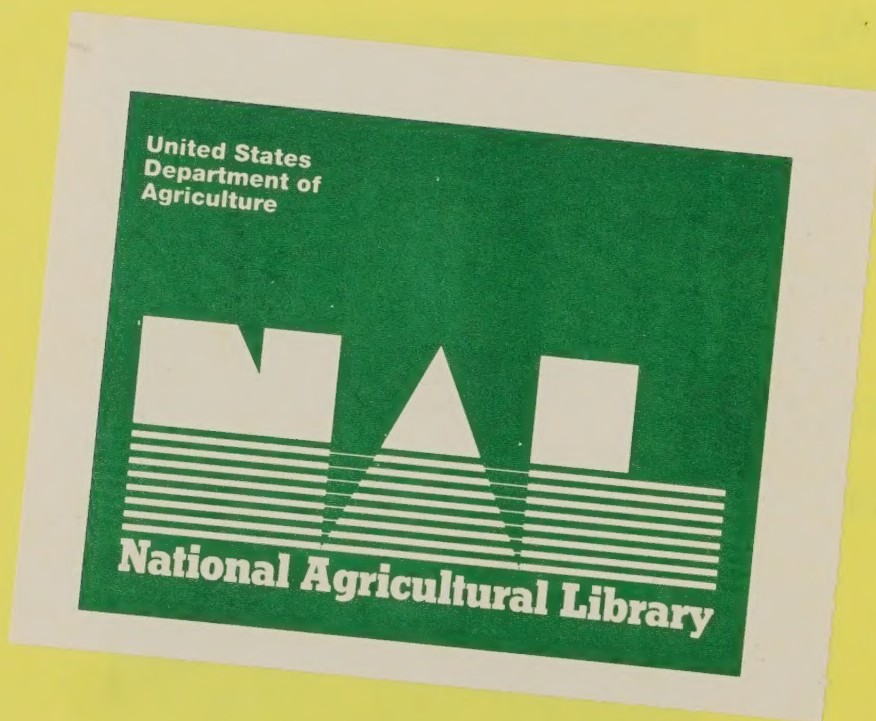
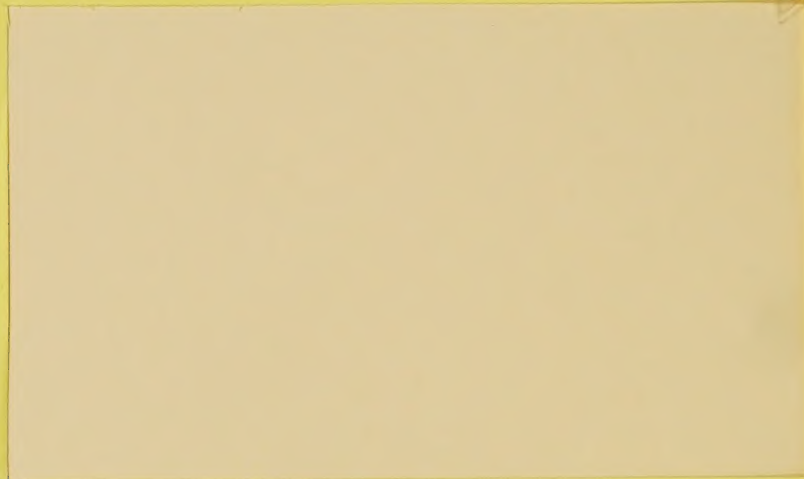


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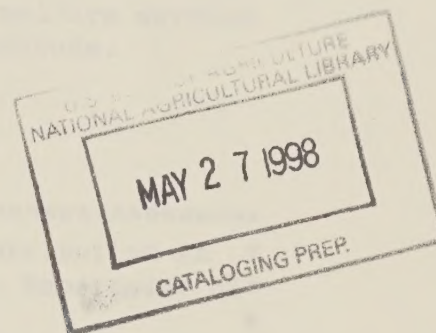
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Abstract

Regression analysis was adopted to identify the extent of association between the level of participation in the Food Stamp Program in specified communities and the availability of local welfare services; local fiscal conditions; local levels of unemployment, and community attitudes. All associations were positive except local attitudes.

Key Words: Food Stamp Program; unemployment; local welfare service centers; local fiscal conditions; community attitude.

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Food Stamp Participation and Local Support

Walter Epps 1/

INTRODUCTION

USDA administrators have supported research which helps explain levels of participation in the Food Stamp Program [1, 2, 3, 4, 5, 6] 2/. Historically these studies have included such variables as: mean monthly number of unemployed, numbers of recipients of public assistance payments, percentage of the population age 65 or older, etc. None have incorporated direct measures of local support. Their failure to include factors reflecting the role of local support may be due in part to the difficulty of isolating lines of influence associated with local conduct of a program underwritten largely with Federal funds. Furthermore, administrators have placed higher priority on understanding attitudes and behavior of participating households than on the role of service providers.

In contrast, this analysis focuses upon the relationship of participation in the Food Stamp Program to local provision of welfare services and to each community's fiscal standing. Specifically, the analysis attempts to determine if:

1. The level of Food Stamp Program participation is affected by a community's fiscal ability;
2. Participation levels are related to community attitudes;
3. The level of local welfare services is a significant determinant of participation;
4. Participation varies with local economic conditions.

ANALYTICAL CONTEXT

Although the Food Stamp Program is essentially a Federal Program, local governments share responsibility for its administration. The Federal government pays the cost of all food stamps issued and, since 1979, it also pays 50 percent of the administrative costs of services associated with Food Stamp Program clients locally.

Certification of families for eligibility, stamp issuance, determination of changes in status of households participating in the Stamp Program are all among the kinds of services performed by local welfare offices on behalf of Food Stamp clients. These services are offered by local offices, operated with local personnel working under local administrative direction. Furthermore, the local offices serve all dependent clientele--Food Stamp participants, families receiving help or requesting help from the program of Aid to Families with Dependent Children (AFDC), programs of local general assistance and disaster relief.

Food Stamp recipients or those seeking help from the Program are affected directly and most immediately by the level of services existing in welfare offices serving Stamp clients and others needing help. The accessibility of

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2/ Numbers in brackets indicate specified citations listed in References section of this report.

offices, convenience of hours, adequacy of staff--in short--the quality of existing welfare services provided to dependent citizens affects participation.

Ultimately, the level of local services depends on a community's general ability and willingness to support welfare and other public services. With welfare programs, that link is blurred precisely because communities that have greatest need also are often those with fewest resources for use in servicing needs. It seems plausible, nevertheless, that the relatively richer of any two communities, otherwise equally situated, is in a better position to underwrite its public service requirements. Accordingly, one expects to find that local jurisdictions' fiscal status will affect their support of welfare programs.

Local outlays become associated with the Food Stamp Program in indirect ways: One way is through the local AFDC program. Before 1979, AFDC participants were categorically eligible to receive food stamps without having to undergo a second needs test. This association also may be regarded as an indicator of local attitudes regarding welfare since local communities that are required to share direct and administrative costs of AFDC have reason to monitor its participation levels more closely and thus simultaneously affect levels of Stamp Program participation.

Local economic conditions affect participation in the local Stamp Program. Although economic conditions lie largely outside the control of local project administrators, a community with concentrations of families whose members are without work or who have limited skills faces increased demand for all of its social services.

REGRESSION MODEL

Possible relationships among fiscal status, welfare service levels and economic conditions prevailing in local Food Stamp Program projects and their levels of Program participation were evaluated through regression methods which permitted the simultaneous determination of influence from the sources that were presumed to affect participation. Specifically, participation in the Food Stamp Program was assumed to depend on fiscal ability, level of welfare services available locally, local attitudes about welfare, and local economic conditions. The specification of variables and their expected relationship to participation are discussed below.

Variables

Dependent variable

Participation is treated as the dependent variable, and is defined as the ratio: total number of Food Stamp Program participants in the project area [county]/total project [county] population, 1973.

Independent variables

As a measure of welfare services, this analysis used the number of welfare centers per ten square miles of each county's land area.

Communities with high service center densities should have higher participation in the Food Stamp Program than will communities with low densities.

Typically, centers serve Food Stamp recipients along with clients from other programs such as Aid to Families with Dependent Children, local General Assistance programs, disaster relief and similar programs. Individual centers may offer a range of services to Stamp Program participants such as certification of eligibility, issuance of food stamps, determination of changes in family circumstances that alter their Program status, etc. or they may only receive applications for assistance, referring applicants to other local welfare offices for interviews, verification of information in the application and related steps in the process. The diversity of their clientele and the range of services they provide can only begin to be approximated by a count of centers. Quality of local service, though vital to the explanation of variation in participation among counties, is not accounted for explicitly in defining local welfare service levels as service center density. However, the existence of large numbers of centers demonstrates local commitment to ensuring availability of services and a recognition of the critical importance of the spatial proximity of offices to elderly, infirm participants, and to all with limited physical or economic mobility. Greater density of centers means shorter traveling distances, less waiting time, and generally easier access for citizens whom they serve.

As measures of a county's general fiscal standing, this analysis used tax effort and tax severity. Tax effort was defined as the ratio: total tax revenues collected from a county's own sources -- property, sales, income, etc. -- to total personal income of all county residents. Revenue transfers from State, Federal, or other local governments were excluded so that a county's revenue position reflected its situation net of outside assistance. This conception of fiscal standing does not consider differences in absolute levels of income among different places, therefore, a second indicator, tax severity, was also used. 3/

Tax severity was defined as tax effort divided by personal income per capita. For both measures of fiscal standing, one expects a positive association with Food Stamp program participation as a greater willingness to tax implies broader support of public programs.

Local governments' attitudes about welfare were defined as the presence or absence of a requirement by States that counties share the cost of payments and administration of the non-Federal part of the program of Aid to Families with Dependent Children. (Counties in States requiring the sharing of costs were assigned a value of 1, and all others a value of 0).

3/ For discussion and analysis of fiscal capacity, tax effort and tax severity see the Staff Report of the Advisory Commission on Intergovernmental Relations: "Measures of State and Local Tax Effort" (October 1962), especially pp. 73-76.

Where cost sharing is required, the likelihood is greater that affected communities will apply their rules stringently to all applicants for help to minimize budget costs. Through rigorous screening of applicants, they can produce lower levels of participation both in the AFDC program and in the Stamp Program.

Unemployment rates of blue collar workers were used as proxies for local economic conditions. Unemployment levels are indicative of the general economic condition of a community. For example, increases in joblessness create a larger dependent population and greater local pressure for enrollment in the Stamp Program.

In summary, this regression analysis is expected to confirm that participation will increase as: community fiscal ability rises; the level of welfare services rises; and as community unemployment rises. In contrast, participation should be lower where States require that counties share non-Federal AFDC costs.

Data Sources

The analysis used Food Stamp Program projects located in the counties containing the principal city of the twenty largest Standard Metropolitan Statistical Areas (SMSA's) in the United States. The twenty counties comprising the units of observation in this analysis enrolled 24 percent of all Food Stamp Program participants in 1978 although they accounted for less than one percent of the Nation's 3037 projects.

Tax information was obtained from County Government Finances publications of the Bureau of the Census for reporting year 1978. Current estimates of 1978 personal income were obtained from the Bureau of Economic Analysis of the Department of Commerce. County level unemployment statistics for 1978 were provided by the Bureau of Labor Statistics of the U.S. Department of Labor. County summaries of Food Stamp Program participants were obtained from reports prepared and distributed by the Food and Nutrition Service, U.S. Department of Agriculture. Information about financing of the non-Federal share of Aid to Families With Dependent Children costs in 1978 came from the Office of Family Assistance, U.S. Department of Health, Education and Welfare. Lists of individual States in State plans of operation permitted identification of counties in States requiring joint sharing of local AFDC costs. The count of welfare centers was taken from 1978 State plans of Food Stamp Program operation on file in the Food and Nutrition Service, U.S. Department of Agriculture. These plans contained the names and addresses of all local offices used in certifying households' eligibility for stamps, recertification, or other activities directly associated with the administration of the Stamp Program.

RESULTS

The results of the estimation are summarized in Table 1. Because of extreme intercorrelation between center density and fiscal ability, neither appeared in an equation with the other. The first equation of

Table 1 estimated the influence of: center density; attitude; and unemployment on participation; equations 2A and 2B estimated the influence of fiscal ability; attitude; and unemployment on participation. In 2A, fiscal ability is defined as tax effort; in 2B, fiscal ability is defined as tax severity.

As predicted, participation rose significantly as the density of welfare service centers increased. This finding gives credence to the contention that the success of the Stamp Program locally depends on the accessibility of centers. With each center added, participation rose slightly more than 3 percentage points (Equation 1. Table 1). 4/

Table 1--Regressions of Food Stamp Program participation on welfare and fiscal characteristics of Stamp Program project areas

Equations	Independent Variables				Constant	R ²
	Center Density	Fiscal Ability	Attitude	Unemployment		
1.	3.20* (1.07)	---	-2.34 (1.46)	1.22* (0.34)	-1.52	.70
2.A	---	0.57** (0.21)	-2.47 (1.53)	1.07** (0.39)	-0.42	.67
2.B	---	0.35** (0.18)	2.67 (1.72)	1.12* (0.45)	-2.26	.62

*Coefficients significant at the 5 percent level

**Coefficients significant at the 10 percent level

Standard errors are reported within the parentheses.

Attitudes of local jurisdictions toward welfare programs as measured by the requirement that they share AFDC costs with their States did not appear to affect local participation levels. The sign of the regression coefficient was negative in each of the equations of Table 1 where attitude appears. The implied existence of lower participation in communities where the county government is required to share the costs of the AFDC program supports the explanation that rigorous enforcement of AFDC regulations and close scrutiny of prospective clients may be expected in jurisdictions where the local government sees AFDC spending as a part of its budget. These actions tend to impede entry in the AFDC program and, through it, to restrict access to the Food Stamp program.

Participation levels responded as predicted to communities' tax efforts: significantly higher levels of participation existed in communities with large revenues collected from their own sources relative

4/ The Stamp Program participation relationship was specified alternatively in a simultaneous equation model where participation levels and centers were jointly dependent. That specification formally recognized the possibility that higher participation can be expected as centers increase but that the provision of larger numbers of centers may well be a response to increased participation. The basic results were not changed materially with this modification: The centers coefficient was positive, as predicted, similar in size and statistically significant.

to personal income (Table 1). As defined, tax effort is simply local government (county) revenue net of intergovernmental transfers relative to total personal income. As such, it takes no account of differences in the distribution of income. Nor does it recognize deliberate fiscal choices of different jurisdictions that result in more or less tax effort among communities that may have the same tax base. In short, its interpretation depends on the similarity of policy choices and personal income distributions existing in the several communities.

These considerations suggest caution in applying the usual interpretation of the numerical influence of tax effort represented by its regression coefficient. At the same time, the use of own revenue implies a community-by-community adjustment of fiscal status net of outside help so that the revenue levels do represent effort of individual jurisdictions. These findings support the inference that local Food Stamp Program participation levels are influenced by local governments' ability to support public services.

Tax severity was used as an alternative expression of community fiscal ability in equation 2B. Underlying this conception of fiscal ability is the recognition that tax effort ratios do not account for differences in absolute levels of income among localities. In dividing tax effort ratios by personal income per capita, as was done to get tax severity ratios, one adjusts for average income differences.

Evaluated with the attitude and unemployment variables in 2B, tax severity attained significance and had the predicted positive sign consistent with the argument that fiscal efforts of local communities influence local levels of Food Stamp Program participation.

Participation levels rose as predicted with increases in local area unemployment rates. In each of the equations where unemployment appears in Table 1, participation increased slightly more than 1 percentage point with a 1 percentage point increase in unemployment.

The amount of inter-project variation in Food Stamp Program participation explained by the service, fiscal ability, attitude, and employment variables ranged from 62 to 70 percent of the total.

SUMMARY

Twenty counties accounted for 24 percent of all enrolled Food Stamp Program participants in 1978. Data for these counties were used to assess the proposition that: the county Food Stamp Program participation rate is associated with county fiscal ability; quality of available county welfare services; county attitudes concerning welfare; and county economic conditions.

Data were analyzed using a regression model whose dependent variable consisted of the ratio: total number of county's Food Stamp Program participants in 1978 to the total 1978 county population. Three versions of the basic regression model were used to assess the relative importance of the independent variables because of the high intercorrelation between welfare services and fiscal ability.

For each added welfare service center per 10 square miles of land area, the county participation rate rose by 3.2 percentage points; for each unit increase in fiscal ability the rate rose 0.35 and 0.57 percentage points, depending upon the measure used to reflect fiscal ability; where counties and states shared the non-Federal portion of AFDC payments and administrative expenditures, participation rate decreases ranged from 2.34 to 2.67 percentage points; and for each percentage point increase in the county rate of blue collar unemployment, participation rate increases ranged from 1.07, to 1.22 percentage points. Only the coefficient values for the community attitude variable could be interpreted as being due to chance.

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